



**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET, ROOM 525  
LOS ANGELES, CALIFORNIA 90012-3873  
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE  
AUDITOR-CONTROLLER

February 12, 2013

TO: Supervisor Mark Ridley-Thomas, Chairman  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe  
Auditor-Controller

SUBJECT: **GANN LETTER**

Per Article XIIIB of the State Constitution, the annual calculation of the appropriations (spending) limits under this Article is to be reviewed as part of the annual financial audit. The County's Appropriations Limits review was performed by our external auditors, Macias Gini & O'Connell LLP. Attached is a copy of their report, commonly referred to as the "GANN Letter," for the year ended June 30, 2012. No exceptions were noted.

If you have any questions, please contact me, or your staff may contact Sandy Yoshima at (213) 974-8326.

WLW:JN:CY:sy

Administration\Correspondence\GANN Transmittal FY 2012

Attachment

c: William T Fujioka, Chief Executive Officer  
Sachi A. Hamai, Executive Officer, Board of Supervisors  
Public Information Office

**COUNTY OF LOS ANGELES**

**Independent Accountant's Report on Applying  
Agreed-Upon Procedures for  
Appropriations Limit Calculation**

**For the Year Ended June 30, 2012**



**Certified Public Accountants.**

**COUNTY OF LOS ANGELES**  
**AGREED UPON PROCEDURES FOR**  
**APPROPRIATIONS LIMIT CALCULATION**

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**Certified Public Accountants.**

LA/Century City  
2029 Century Park East, Suite 500  
Los Angeles, CA 90067  
310.277.3373

Sacramento

Walnut Creek

Oakland

Newport Beach

San Diego

Seattle

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

The Honorable Board of Supervisors of the  
County of Los Angeles, California

We have performed the procedures enumerated below to the accompanying Appropriations Limit Worksheet of the County of Los Angeles, California, (County) for the year ended June 30, 2012. These procedures, which were agreed to by the County and the County Accounting Standards and Procedures Committee (as presented in the publication entitled *Article XIII-B California Constitution Appropriation Limit Procedures Guidelines for California Counties*), were performed solely to assist the County in meeting the requirements of Section 1.5 of the Article XIII-B of the California Constitution. The County's management is responsible for the accompanying Appropriations Limit Worksheet. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

- 1) We obtained the completed worksheets setting forth the calculations necessary to establish the County's appropriations limit and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the County Board of Supervisors. We also compared the population and inflation factors included in the aforementioned worksheets to those that were selected by a recorded vote of the County Board of Supervisors.

Finding: No exceptions were noted as a result of our procedures.

- 2) For the accompanying Appropriations Limit Worksheet, we added last year's limit to the annual adjustment, and agreed resulting amount to this year's limit.

Finding: No exceptions were noted as a result of our procedures.

- 3) We compared the current year information presented in the accompanying Appropriations Limit Worksheet to the worksheets described in Number 1 above.

Finding: No exceptions were noted as a result of our procedures.

- 4) We compared the prior year appropriations limit presented in the accompanying Appropriations Limit Worksheet to the prior year appropriations limit adopted by the County Board of Supervisors.

Finding: No exceptions were noted as a result of our procedures.

- 5) We compared the amount for the reorganization adjustments to the resolution approved by the Board of Supervisors.

Finding: No exceptions were noted as a result of our procedures.

We were not engaged to and did not, conduct an audit, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit Worksheet. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the information and use of the members of the Board of Supervisors and management of the County and is not intended to be and should not be used by anyone other than those specified parties.

*Macias Jini & O'Connell LLP*

Los Angeles, California  
February 1, 2013

**COUNTY OF LOS ANGELES  
Appropriations Limit Worksheet  
For the Year Ended June 30, 2012**

**Countywide**

Appropriations limit, fiscal year 2010/11	\$ 14,679,661,345
Net annexation adjustments	<u>(90,007)</u>

Subtotal	\$ 14,679,571,338
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Adjustment factors:

CPCPI	1.025100000
Population factor	<u>x 1.005900000</u>
Total adjustment factor	1.031148090

Annual adjustment in dollars	<u>457,240,609</u>
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Appropriations limit, fiscal year 2011/12	<u><u>\$ 15,136,811,947</u></u>
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**Special Districts**

Appropriations limit, fiscal year 2010/11	\$ 1,524,918,502
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Adjustment factors:

CPCPI	1.025100000
Population factor	<u>x 1.003800000</u>
Total adjustment factor	1.028995380

Annual adjustment in dollars	<u>44,215,591</u>
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Appropriations limit, fiscal year 2011/12	<u><u>\$ 1,569,134,093</u></u>
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**Calabasas and Malibu Lighting Districts and Malibu Garbage Disposal Districts**

Appropriations limit, fiscal year 2010/11	\$ 1,938,548
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Adjustment factors:

CPCPI	1.025100000
Population factor	<u>x 1.005900000</u>
Total adjustment factor	1.031148090

Annual adjustment in dollars	<u>60,382</u>
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Appropriations limit, fiscal year 2011/12	<u><u>\$ 1,998,930</u></u>
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See Accompanying Notes to Appropriations Limit Worksheet

**COUNTY OF LOS ANGELES**  
**Notes to Appropriations Limit Worksheet**  
**For the Year Ended June 30, 2012**

**(1) 2010-11 Appropriations Limit Adjustments**

The net Countywide annexation adjustments of (\$90,007) were made to the previously reported 2010-11 Appropriations Limit. This property tax revenue transfer from the County of Los Angeles (County) is associated with the City of Calabasas and represents the negotiated exchange of property tax revenue resulting from the proposed annexation of the territory of Mont Calabasas to the City of Calabasas.

**(2) Adjustment Factors**

The County, as allowed by law, has chosen to use various population factors to compute its adjustment factors for the year ended June 30, 2012. The Countywide population factor uses the change in population within its jurisdiction, combined with the change in population within all counties having borders that are contiguous to the County. The population factor for each of the special districts is based solely on the change in population within the County. The County and each special district governed by the County Board of Supervisors choose to use the percentage change in the California Per Capita Personal Income (CPCPI), provided by the California Department of Finance. Such factors are as follows:

Countywide:

CPCPI		1.025100000
Population Factor	x	1.005900000
Adjustment Factor		<u><u>1.031148090</u></u>

Special Districts:

CPCPI		1.025100000
Population Factor	x	1.003800000
Adjustment Factor		<u><u>1.028995380</u></u>

Calabasas and Malibu Lighting Districts and  
Malibu Garbage Disposal Districts:

CPCPI		1.025100000
Population Factor	x	1.005900000
Adjustment Factor		<u><u>1.031148090</u></u>

**(3) Calabasas and Malibu Lighting Districts and Malibu Garbage Disposal Districts**

Calabasas and Malibu Lighting Districts and Malibu Garbage Disposal Districts are County subunits, not independent legal entities. Although their revenue is separately tracked, Malibu and Calabasas would only exceed their Appropriation Limit if the County exceeded its Appropriation Limit.